

MEMORANDUM

TO: Mike Geisel, City Administrator
Craig White, Director of Finance

FROM: James Mello – Management Analyst

DATE: October 20, 2016

SUBJECT: Review of Business License Policy

Chesterfield issues renewal notices to all licensed businesses in the City via mail the first week of May. Licenses expire each June 30th, and a 30 day grace period lapses on July 31st before businesses are in violation.

Renewal notices verify each businesses square footage and state the charge per square foot. Chesterfield charges different rates for retail (\$0.08/sqft), service (\$0.04/sqft), and Manufacturing/Warehousing (\$0.02/sqft) – there is a minimum \$25 fee. In 2016 a total of \$599,326 in license fees have been collected thus far, compared to a total of \$623,767 in 2015.

We have a maximum license fee of \$10,000 and 9 businesses reach that threshold: Monsanto, Doubletree, RGA, Target, Sears, Wal-Mart, Sam’s, Macy’s, and Dillards. The 10th highest business license fee is paid by Lowe’s, at \$9,636.56 in 2015.

Comparable municipalities have the following policies:

<u>Municipality</u>	<u>2015 revenue</u>	<u>Policy</u>	<u>Minimum</u>
Brentwood	\$ 1,510,000	Merchant, Manufacture, and Service: \$1.25 per \$1,000 gross receipts Exception Businesses: \$0.10/sqft Financial: Flat fee (see structure, \$500-\$3000) + \$100 per ATM	\$50
Clayton	\$ 433,972	Charge based on gross sales or a set fee dependent upon the business type	50
Bridgeton		\$0.65 per \$1,000 gross receipts for up to \$500,000, \$1.30 per \$1,000 after	\$100
Richmond Heights	\$ 991,817	\$5 per employee (20+ hours per week)	\$30
Des Peres	\$ 1,103,158	Retail: \$1.25 per \$1,000 gross receipts Office/service: \$0.20 per sqft	\$100
Creve Coeur	\$ 194,632	Manufacture/Warehouse: \$20 per 1,000 sqft All other businesses: \$30 per 1,000 sqft	\$40
Maryland Heights	\$ 644,833	Occupancy Permit = \$0.0005 per sqft Business License = \$0.02 per sqft	\$25
Ballwin	\$ 668,834	Retail: \$1 per \$1,000 of retail gross receipts Non Retail: \$0.10 per square foot	\$100
Crestwood	\$ 730,000	Greater of: \$0.00125 per \$1 of gross receipts OR \$0.10 per sqft	\$10
Manchester	\$ 297,766	Retail: \$0.0009 per \$1 of gross receipts up to \$500,000, \$0.0007 from \$500k to \$1 million, \$0.0005 over \$1,million Service: \$50 + \$0.10 per sqft over 1,000 Bank: \$500	\$50

Municipality	General Fund				Residents	# of business licenses	% of General Fund Revenue		
	Business License	Property Tax	Sales Tax	Total Revenue			Business License	Property Tax	Sales Tax
Brentwood	\$ 1,510,000	\$ -	\$ 5,513,335	\$ 11,960,066	8,043	752	12.6%	0.0%	46.1%
Clayton	433,972	5,568,826	4,077,464	23,054,831	15,939	873	1.9%	24.2%	17.7%
Bridgeton	1,097,862	990,624	5,820,176	14,782,454	11,550	1,242	7.4%	6.7%	39.4%
Richmond Heights	991,817	1,502,637	4,633,982	10,551,439	8,603	500	9.4%	14.2%	43.9%
Des Peres	1,103,158	-	5,703,626	9,654,450	8,534	561	11.4%	0.0%	59.1%
Creve Couer	194,632	549,217	4,998,086	16,109,690	17,833	1,031	1.2%	3.4%	31.0%
Maryland Heights	644,833	-	4,023,900	23,825,873	27,472	1,778	2.7%	0.0%	16.9%
Ballwin	668,834	-	7,934,220	19,086,101	30,404	332	3.5%	0.0%	41.6%
Crestwood	730,000	1,046,205	3,641,533	6,750,638	11,912	350	10.8%	15.5%	53.9%
Manchester	297,766	164,432	4,700,000	8,837,115	18,094	291	3.4%	1.9%	53.2%
Chesterfield	623,767	-	6,976,044	21,404,110	47,484	2,533	2.9%	0.0%	32.6%

Municipality	Per Licensed Businesses				Per Resident			
	Business License	Property Tax	Sales Tax	Total Revenue	Business License	Property Tax	Sales Tax	Total Revenue
Brentwood	\$ 2,008	\$ -	\$ 7,332	\$ 15,904	\$ 188	\$ -	\$ 685	\$ 1,487
Clayton	497	6,379	4,671	26,409	27	349	256	1,446
Bridgeton	884	798	4,686	11,902	95	86	504	1,280
Richmond Heights	1,984	3,005	9,268	21,103	115	175	539	1,226
Des Peres	1,966	-	10,167	17,209	129	-	668	1,131
Creve Couer	189	533	4,848	15,625	11	31	280	903
Maryland Heights	363	-	2,263	13,400	23	-	146	867
Ballwin	2,015	-	23,898	57,488	22	-	261	628
Crestwood	2,086	2,989	10,404	19,288	61	88	306	567
Manchester	1,023	565	16,151	30,368	16	9	260	488
Chesterfield	246	-	2,754	8,450	13	-	147	451

NOTES

- (1) Business licenses included "vending" and "merchant" licenses
- (2) Information obtained from Cities' CAFRs and annual budgets
- (3) Numbers in italics are estimates
- (4) Manchester's general fund sales tax revenue includes an additional quarter cent local option sales tax